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31. Both figures are in Julia Devin, Jaleh Dashti-Gibson, and George A. Lopez, "Sanctions in the Former Yugoslavia: Convoluting Goals and Complicated Consequences," in Thomas G. Weiss, David Cortright, George A. Lopez, and Larry Minear (eds), *Political Gain and Civilian Pain: Humanitarian Impacts of Economic Sanctions* (New York: Rowman and Littlefield, 1997). This article provides a thorough analysis of the deleterious effects of the sanctions on the Serbian population.
32. RAND Corporation, "American Policy Toward the Balkan Crisis: Economic Instruments and Options," mimeo., pp. 51–52. This is one of the best analyses of the effects of the sanctions and implications for American policy at the time.
33. Owen, *Balkan Odyssey*, p. 363, and Stremlau, *Sharpening International Sanctions*, pp. 29–30.
34. "Beating the Sanctions on Serbia," *The Economist*, July 2, 1994, p. 49.
35. For a description of NATO's role in sanctions enforcement, see Gow, *Triumph*, pp. 129–31.
36. Stremlau, *Sharpening International Sanctions*, p. 29; M. A. Napolitano, "Sanctions as a Preventive Diplomacy Instrument," in Fred Tanner (ed.), *Effects of International Sanctions*, pp. 23–28. Ambassador Napolitano was the EU/OSCE Sanctions Coordinator.
37. Barnett R. Rubin (ed.), *Toward Comprehensive Peace in Southeast Europe: Conflict Prevention in the South Balkans* (New York: Twentieth Century Fund Press, 1996), p. 13.
38. Jonathan C. Randal, "Weak Economy Restrains Milosevic," *Washington Post*, January 19, 1997, p. A37.
39. Tracy Wilkinson, "After Triumph in Streets, Serb Opposition Crumbles," *Los Angeles Times*, June 10, 1997, p. A1.
40. Stremlau, *Sharpening International Sanctions*, p. vi.
41. Woodward, *Balkan Tragedy*, p. 290.
42. Smith's views on the course of the war, the effects of sanctions against the Bosnian Serbs, and the implications for their strategy are described in Jan Willem Honig and Norbert Both, *Srebrenica: Record of a War Crime* (New York: Penguin, 1997), pp. 144–45, and David Rohde, *Endgame: The Betrayal and Fall of Srebrenica, Europe's Worst Massacre Since World War II* (New York: Harper/Collins, 1997), pp. 339–40, pp. 419–20.
43. See, for example, Stephen John Stedman, *Peacemaking in Civil War: International Mediation in Zimbabwe, 1974–1980* (Boulder, CO: Lynne Rienner, 1991), pp. 165–204.

## Conclusion: Lessons and Recommendations

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THIS FINAL chapter is divided into two parts. The first is analytical and addresses what is to be learned from the eight cases discussed in this volume and, more generally, from the use of economic sanctions as an instrument of American foreign policy in the post-Cold War era. Ten basic lessons are posited. The latter section sets forth 12 guidelines meant to inform future decisions to employ sanctions and goes on to suggest what the U.S. government, including both the executive branch and Congress, needs to do to translate these principles into effective policy.

### Lessons

1. *Sanctions alone are unlikely to achieve desired results if the aims are large or time is short.* This lesson tends to all but rule out the use of sanctions to reshape the basic nature of another society or to alter policy in critical areas of another country's or entity's national security. The same realities preclude using sanctions to resolve crises or any "time-sensitive" situation. For these reasons, sanctions also are unlikely to be of much utility in moderating civil wars, which, by their nature, tend to be all-or-nothing struggles that develop quickly and are resistant to (if not impervious to) external influences.<sup>1</sup>

Evidence supporting these assertions is plentiful. Sanctions—even when they were comprehensive and enjoyed almost universal international backing for nearly six months—failed to get Saddam Hussein to withdraw from Kuwait. In the end, doing so took nothing less than Operation Desert Storm. Other sanctions also have fallen short of their stated goals. The Iranian regime remained defiant in its support of terrorism, its subversion of its neighbors, its opposition to the Middle East

peace process, and in pressing ahead with its nuclear weapons program. Fidel Castro continued in place atop a largely authoritarian political system and a statist economic counterpart. Pakistan's nuclear program advanced significantly; it produced enough material for at least a dozen bombs. Libya refused to produce the two individuals accused of responsibility for the destruction of Pan Am Flight 103 over Lockerbie. Sanctions could not persuade Haiti's junta to honor the results of an election. Nor could they dissuade Serbia and others to call off their military aggression for several years. And, nearly a decade after Tiananmen Square, China continued to export sensitive, proliferation-related technologies to selected countries and remained a society where human rights were often violated.

2. *Under the right circumstances, sanctions nevertheless can achieve (or help to achieve) various foreign policy goals ranging from the modest to the fairly significant.* Sanctions introduced against Iraq in the aftermath of the Gulf War clearly have increased Iraqi compliance with resolutions calling for the complete elimination of its weapons of mass destruction. Such sanctions also have much diminished Iraq's ability to import weapons and weapons-related technology of any sort. The result is that Iraq today is considerably weaker militarily and economically than it would have been without these sanctions.

The other cases examined here show that sanctions have accomplished substantive ends even if they did not achieve the stated and often ambitious objective. In the former Yugoslavia, sanctions were one factor contributing to the Serbian decision to accept the Dayton agreement in August 1995. China appears to have shown some restraint in exporting nuclear and ballistic missile parts or technologies to countries other than Pakistan. Sanctions have constituted a drag on the economies of Iran, Cuba, and Libya and may, with the passage of more time, contribute to change in those societies or in their behavior. U.S. sanctions against Pakistan, while having little or no discernible effect on its nuclear weapons program, have hurt Pakistan both economically and militarily. Again, though, the difference in the apparent effect of the China and Pakistan sanctions is instructive. It is extremely difficult to alter the decisions of a would-be proliferating country such as Pakistan, which is likely to see nothing less than its national security or even survival at stake. Sanctions, no matter how draconian, are almost certain to fail. At the same time, limited sanctions might be more helpful against suppliers (such as China), for whom the interests at stake are partly or even mostly economic and in any event less than vital.

It is important to add that sanctions can be more effective when used in conjunction with other policy tools, especially the credible threat or

use of military force. The former Yugoslavia is a case in point. Sanctions alone were unable to bring Serbia to the table, but sanctions along with North Atlantic Treaty Organization (NATO) air power and Croatia's successful ground offensive were enough to persuade the government in Belgrade that the time had come to settle. Military attacks along with sanctions may have dampened Libyan enthusiasm for sponsoring terrorism. Sanctions against Iraq, by limiting its ability to acquire military technology and equipment, rendered it a less capable foe once those sanctions gave way to Desert Storm; similarly, sanctions and periodic uses of military force appear to have persuaded Saddam for a time not to attempt any dramatic breakout from his predicament.

As noted at the outset of this volume, sanctions can be used for several sometimes overlapping purposes: to coerce, to deter, and/or to punish. The cases suggest that the ambitious and common use of sanctions—for coercive or “compellent” purposes—rarely succeeds, especially as the size of the objective grows. There is also another problem with using sanctions for the purpose of persuading the target to alter or cease a specified activity or behavior. By their nature, coercive sanctions leave the initiative in the hands of the target, which may decide that holding firm to its position or behavior is preferable to giving way. The United States, as the sending or sanctioning party, then has to decide among three options: giving up and dropping the sanctions, staying the course despite a lack of desired effect, or turning to military force.

By contrast, punitive sanctions almost always “succeed” in the limited sense that they impose some costs on the target. (Whether this cost is greater than the cost to the sender is another matter.) One advantage of any punitive action is that unlike sanctions meant to either coerce or deter, it keeps the initiative in the hands of the sender who decides “how much is enough.” The disadvantage of punitive sanctions is that they tend not to alter the behavior much less the nature of the target, although it is almost always true that any sanction implemented for punitive purposes also is designed to coerce or even deter. The punitive dimension of sanctions thus becomes something of a fallback, the minimum purpose if more ambitious aims prove overly risky beyond reach. This appears to have been what happened in nearly every case studied in this volume.

The utility of threatening sanctions in order to deter unwanted behavior is the most difficult to assess, as one must endeavor to demonstrate the relationship between what was threatened and what did not happen. This said, threats of sanctions appear to have little effect on behavior, especially if the area of concern is of major importance to the

target. Thus it is possible to claim that Pakistan would have tested nuclear weapons in the absence of a threat of additional sanctions, that China may have proceeded with additional exports of proliferation-related technologies, or that the Serbs might have done even more damage. But with the possible exception of China, where certain signs of some restraint suggest that the fear of additional sanctions may have had an impact, and Iran, where secondary U.S. sanctions appear to have discouraged European and Japanese firms from investing there, the cases examined here do not provide strong evidence that threatened sanctions carry a great deal of weight.<sup>2</sup> India's decision to test nuclear devices in 1998 in the face of threatened sanctions further reinforces this point.

3. *Unilateral sanctions are rarely effective.* All of the cases, with the exception of Iraq and the former Yugoslavia, involve sanctions that are in part or in whole unilateral. The critical issue here is a general lack of effectiveness. In a global economy, unilateral sanctions tend to impose greater costs on American firms than on the target, which usually can find substitute sources of supply and financing. Unilateral sanctions did, however, have more of an economic effect on Haiti and Cuba, which were heavily dependent on trade with the United States. They also hurt Pakistan, which was receiving substantial U.S. military and economic aid. Such impact is a far cry from realizing the desired aims of the sanctions, however. As a rule, unilateral sanctions will be little more than statements or expressions of opposition except in those instances in which the tie between the United States and the target is so extensive that the latter cannot adjust to an American cut-off.

The problem is that garnering international support for particular sanctions often is extremely difficult. Prospects for succeeding in bringing others on board tend to reflect a range of factors, including their commercial stakes, policy preferences, and the availability of funds to compensate lost revenues. Sanctions tend to work best when international political consensus exists as to their wisdom and when non-targeted countries that must bear an economic cost as a result of the sanctions are compensated. In most instances, other governments prefer no or minimal sanctions. Other countries tend to value commercial interaction higher than does the United States and are less willing to forfeit it voluntarily. In addition, the notion that economic interaction is desirable because it promotes more open political and economic systems is an argument that normally has more resonance in other capitals. (I say "normally" because this argument has been deployed successfully to defeat attempts in Congress to revoke China's most-favored-nation [MFN] status.) Such thinking makes achieving what is desirable, namely multilateral support for sanctions, less feasible than

the United States tends to want. It usually takes something truly egregious—Saddam's invasion and occupation of Kuwait, incontrovertible support of terrorism such as in the Lockerbie case, the brazen rejection of Haiti's election results and associated widespread human rights abuses—to overcome this antisandictions bias. And even in the case of Iraq, generous compensation for affected states, such as Egypt and Turkey, was a prerequisite for these government's and others sustaining support for sanctions.

Trying to compel others to join a sanctions effort by threatening secondary sanctions against those third parties unwilling to sanction the target can cause serious harm to a variety of U.S. foreign policy interests. Congress, in large part because unilateral sanctions tend to be ineffective, is increasingly turning to secondary sanctions to bolster unilateral sanction regimes. This is what has happened with Cuba, Iran, and Libya; in all three instances, sanctions now apply to overseas firms that violate the terms of the U.S. legislation. This threat has had some deterrent effect on the willingness of certain individuals and firms to enter into proscribed business activities, but at a significant political price. It has increased anti-American sentiment, stimulated challenges that have the potential to jeopardize the future of the World Trade Organization, distracted attention away from the provocative behavior of the target governments, and made Europeans less likely to work with us in shaping policies to contend with post-Cold War challenges.

4. *Sanctions often produce unintended and undesirable consequences.* Several of the cases examined here underline this conclusion. Haiti is a prime example. Sanctions increased the economic distress on the island, which stimulated a massive exodus of people from Haiti to the United States—an exodus that proved life-threatening for Haitians and expensive and disruptive for Florida. In the former Yugoslavia case, the arms embargo had the effect of weakening the Bosnian (Muslim) side, given the fact that Bosnia's Serbs and Croats had larger stores of military supplies to begin with and greater access to additional supplies from outside sources. This military imbalance contributed to the fighting and to the disproportionate suffering of the Bosnian side. Military sanctions against Pakistan actually may have increased Pakistan's reliance on a nuclear option, both because the sanctions cut off Islamabad's access to U.S. weaponry and because they dramatically weakened Pakistani confidence in its traditional relationship with Washington.

What all this demonstrates is that sanctions can be blunt instruments. Traditionally, most sanctions do not discriminate within the target country. There is a rationale for this, one that reflects the reality that funds and goods can easily be moved around a society or that govern-

ment often can command what is in the hands of others. The problem with such a broad-brush approach is that sanctions tend to affect those not necessarily responsible for making the policy—that is, the people—while those elites that are responsible—be they in the government, the dominant political organization, the military, or some similar entity—remain largely unaffected given their ability to skirt the sanctions.

This was clearly the case in Haiti, where the average Haitian suffered far more than the leaders of the junta. To some extent it is the reality in many of the other cases, where leaderships are able to insulate themselves. The danger (beyond missing the true target) is both moral, in that innocents are affected, as well as practical, in that sanctions that harm the population at large can bring about undesired effects that include strengthening the regime, triggering large-scale emigration, and retarding the emergence of a middle class and civil society. Mass hardship also can weaken domestic and international support for sanctions, such as is the case with Iraq, despite the fact that the sanctions have included from the outset a provision allowing the country to import humanitarian goods and services.<sup>3</sup>

Smart or “designer” sanctions are at best a partial solution. It is possible that Haiti’s military leaders were bothered by the fact their families could no longer shop in Florida. And clearly executives who risk being denied access to the United States under the provision of Helms-Burton legislation think twice before entering into proscribed business deals. Sanctions aimed at firms similarly can affect their calculations. The problem is that the opportunities to employ sanctions effectively yet with great precision are rare. Gathering the necessary knowledge about assets and then moving quickly enough to freeze them often proves impossible. Leaders and governments have many ways to insulate themselves. Especially when the target is an authoritarian state run by a relatively few individuals, designing sanctions that can meaningfully penalize leaders but spare the general population is extraordinarily difficult.

It is important to note as well that the costs of sanctions transcend narrow calculations. Sanctions against Iraq tend to decrease world energy supply, thereby maintaining a higher price for oil than would otherwise be the case. The same holds for sanctions against Iran, especially because U.S. sanctions prevented the construction of gas pipelines in Central Asia that would need to cross Iran. Thus another cost of the Iran sanctions is that they add to the burden of the newly independent states of the former Soviet Union. The United States, as a result of sanctions against Iran, Libya, and Cuba, also incurs a political price in strained relations with its principal political and economic allies. Jeopardizing the future of the World Trade Organization—something that could

result from the European Union’s reaction to the Helms-Burton legislation—needs to be added in here, as well. The costs of sanctioning Haiti also need to include the cost of coping with refugees and, depending on one’s view of events, the costs of the military intervention that came in the aftermath of sanctions and the refugee outflow.

5. *Sanctions can be expensive for American business, farmers, and workers.* There is a tendency to overlook or underestimate the direct cost of sanctions, perhaps because the costs of intervening with sanctions (unlike the costs of military intervention) do not show up in U.S. government budget tables. Sanctions do, however, affect the economy by reducing revenues of U.S. companies and individuals. Moreover, even this cost is difficult to measure because it needs to reflect not simply lost sales but also forfeited opportunities stemming from governments and overseas companies electing not to do business with the United States for fear that sanctions might be introduced and thereby interrupt the supply of spare parts or otherwise complicate or prohibit normal commercial relations.

Still, and although precise figures do not exist, it seems reasonable to estimate that sanctions cost U.S. companies billions of dollars a year in lost sales and returns on investment. One recent study concludes that in 1995 alone, sanctions cost U.S. companies between \$15 billion and \$19 billion, in the process affecting some 200,000 workers.<sup>4</sup> China has made a point of awarding lucrative contracts (e.g. aircraft purchases) to Europeans to signal displeasure with U.S. sanctions. U.S. individuals and firms also are forfeiting a chance to invest in Cuba, Iran, and Libya while Europeans and others do so. Iraq is a different case; the comprehensive, multilateral nature of the sanctions has meant that any opportunity cost has been borne by all members of the international community and not by Americans alone.

6. *Authoritarian, statist societies are often able to hunker down and withstand the effects of sanctions.* All eight of the case studies involve states that are, to one degree or another, authoritarian. Almost all are what can be termed statist in the economic sense. Sanctions appear not to have moved them noticeably and may have even increased governmental control over the population. The reasons for this phenomenon may be several: Sanctions sometimes trigger a rally-round-the-flag nationalist reaction; sanctions, by creating scarcity, enable governments to better control distribution of goods; and sanctions create a sense of siege that governments then exploit to maintain political control. This conclusion is consistent, too, with literature suggesting that market economic reform reinforces the development of civil society; sanctions, by reducing the scope for independent action, can work against forces promoting political pluralism.<sup>5</sup>

7. *Military enforcement can increase the economic and military impact (although not necessarily the political effect) of a given sanction.* The sanctions against Iraq, for example, were far tighter than they would have been had compliance been voluntary. Indeed, leakage was greatest along those routes such as Jordan where international presence and enforcement were relatively weak. Similarly, sanctions against Serbia were weakened by the absence of a strong, land-based military force to compel compliance and intercept contraband. Armed enforcement is not always an option, though. It applies primarily to trade sanctions, requires the full cooperation of neighboring states if it is to work, and risks a wider conflict with the target state, something that would, for example, preclude any such action against a country such as China.

8. *Sanctions can increase pressures to intervene with military force when they are unable to resolve the crisis at hand.* Such pressure was welcomed by the Bush administration in the aftermath of Iraq's invasion of Kuwait, a position that reflected concern over what the passage of time would mean for coalition cohesion (not to mention the survival of Kuwait and its people). In this instance, the imposition of sanctions and their inability to persuade Saddam Hussein to depart Kuwait had added benefits: They provided time for coalition military preparations to take place and then made it less difficult for the Bush administration to build domestic and international support for the use of military force.

In the case of Haiti, the inability of sanctions alone to persuade the military junta to step down and respect the results of the elections built political pressures in the United States to go ahead with a military invasion. Some of the pressures resulted from opposition to immigration, others from violations of human rights. Potentially considerable loss of life on all sides was averted only at the eleventh hour when the junta backed down and the "invasion" became consensual rather than resisted.

The former Yugoslavia is a third case in which the fact that sanctions alone could not achieve the desired end in a relatively short period of time increased pressures on the United States to take additional action. In this instance, action took the form of NATO air attacks on Bosnian Serb positions.

What all three of these cases have in common is that sanctions were introduced in response to a crisis rather than amid what might be described as an ongoing situation. Only when time is of the essence will the inability of sanctions alone to accomplish policy goals lead to demands for escalation to military force. Otherwise, and as the remaining cases show, the American public appears willing to tolerate sanctions even though they do not appear to be accomplishing their stated purpose.

9. *Sanctions tend to be easier to introduce than lift.* This is true no matter if the sanction is established through a U.N. Security Council resolution or a law passed by Congress and signed by the president. Such inertia is not unique to sanctions; it is always more difficult to change the status quo than continue with it when the burden of acting falls on those favoring change. Removal of a sanction is possible when a situation resolves or clearly reverses itself—such as was the case in Haiti following the invasion and occupation—but this is the exception. More often, the problems that led to sanctions in the first instance may linger or even diminish but not disappear. In such circumstances, it is often difficult or impossible to build a consensus for rescinding the sanctions, even if there has been some progress on the matter of concern, if the sanctions have been shown to be feckless or counterproductive, or if other interests can be shown to suffer as a result. This consequence may be seen as desirable, as it is in the case of Iraq, where the United States favors the continuation of U.N. sanctions. Or it may be judged unhelpful, a position held by critics of U.S. sanctions toward China, Iran, or others. The Bosnia case involves a powerful example of the danger of locking in sanctions, as the inability to amend or lift U.N. Security Council sanctions that prevented the provision of military support to all protagonists in the Bosnian war overwhelmingly worked to the disadvantage of the weaker Bosnian side.

10. *"Sanctions fatigue" tends to settle in over time, and as it does, international compliance tends to diminish.* In part this is because the issue that led to sanctions being introduced loses its emotional impact. International support for sustaining sanctions fades as the cumulative cost of maintaining the sanctions mounts. Concerns over the humanitarian impact of sanctions also weaken resolve. At the same time, the target of the sanctions has time to adjust. Working around sanctions, import substitution, and the gradual improvement of living standards due to adaptation all make sanctions bearable. All of these factors have eroded the impact of sanctions against Iraq, Libya, and Cuba. Interestingly, fatigue seems to be less of a factor in diluting American support for sanctions (be they unilateral or multilateral), perhaps because sanctions tend to get "locked in" and the domestic political costs of removing them become overwhelming.

## Recommendations

1. *Economic sanctions are a serious instrument of foreign policy and should be employed only after consideration no less rigorous than what would precede any other form of intervention, including the use of military force.* The

likely benefits of a particular sanction to U.S. foreign policy should be greater than the anticipated costs to the U.S. government and the American economy. Moreover, how the sanction is likely to affect U.S. interests should compare favorably to the likely consequences of all other policies, including military intervention of various sorts, covert action, public and private diplomacy, or doing nothing. In particular, policymakers ought to consider carefully the pros and cons of a policy of economic engagement as opposed to one of broad penalization and isolation. If properly structured, an approach that would involve a mix of narrow sanctions and continuing political and economic interactions that were both limited and conditional might be preferable, especially if the goal is to weaken the near monopoly of an authoritarian leadership presiding over a country that does not pose a threat to U.S. interests.

A corollary to this injunction is no less important: *Broad sanctions should not be used as an expressive tool in a manner not justified by a careful accounting of likely costs and benefits.* Again, sanctions are serious business. There is a tendency to see them as "below" use of military force on some imagined ladder of foreign policy escalation. This tendency needs to be revised. Sanctions are a form of intervention. Depending on how they are used, they can cause great damage to innocent men, women, and children.<sup>6</sup> They also can cause great harm to U.S. business, workers, and foreign policy interests. I wrote in a previous book that foreign policy is not therapy and that the purpose of foreign policy is not to feel good but to do good. The same holds for sanctions.<sup>7</sup>

2. *Multilateral support for economic sanctions normally should constitute a prerequisite for their introduction by the United States.* Such support need not be simultaneous, but it should be all but certain and likely to follow with little delay. Unilateral sanctions should be avoided except in those circumstances that the United States is in a unique situation to derive leverage based on the economic relationship with the target. This is not so much a normative assertion as a pragmatic one, based on the overwhelming evidence that unilateral sanctions achieve little yet tend to cost the United States more than the target. Implementing this guideline will require intense, often high-level diplomatic effort and even then may not succeed. If this is so, then the task for policymakers is to compare what can be achieved by weaker sanctions as opposed to some alternative policy course.

One instrument that can increase compliance is the provision of assistance to third parties in order to offset the economic cost of implementing sanctions. Arrangements to compensate countries whose support for the sanctions is central thus can be critical. This was the case

with the Iraq sanctions; it is possible that sanctions against Haiti might have proved stronger had the Dominican Republic been more cooperative. Greater use should be made of Article 50 of the U.N. Charter, which sets forth a means by which third-party states hurt by sanctions aimed at another state can approach the Security Council for redress. In addition, a fund for this purpose should be established within the U.S. foreign assistance budget. Given the current assistance budget, this money should be additional rather than come out of already underfunded aid accounts.

A call for greater multilateralism is not identical to a requirement to seek U.N. Security Council backing. Indeed, the United States should be careful about bringing sanctions to the Security Council. Although U.N. endorsement can buttress international compliance and complicate the task of any party seeking to ease sanctions—Iraq comes to mind here—it also can place the United States in the difficult position of having to choose between continued compliance with a policy judged to be no longer desirable or acting unilaterally in defiance of the Security Council, a step the United States is understandably reluctant to take, as it could create precedents easily abused by others. Bosnia is just such a case, forcing the United States to stand by a discredited arms embargo lest it set a precedent for unilateral abrogation that would be emulated by others to the detriment of U.S. interests elsewhere.

3. *Secondary sanctions or boycotts are not a desirable means of bringing about multilateral support for sanctions and should be avoided.* Instituting sanctions against those who do not comply with the sanctions at issue is an admission of a diplomatic failure to persuade. It is also an expensive response. The costs to U.S. foreign policy, including the state of relations with major partners and U.S. efforts to build an effective World Trade Organization, almost always outweigh the potential benefits of coercing friends to join sanctions in situations when the United States favors sanctions and they do not.

4. *Economic sanctions should focus to the extent possible on those responsible for the offending behavior or on penalizing countries in the realm that stimulated sanctions in the first place.* There are several reasons for a response that focuses on the unwanted behavior: It helps avoid jeopardizing other interests and the entire bilateral relationship with the target over one area of disagreement; it causes less collateral damage to innocents; and it makes garnering multinational support less difficult. Sanctions designed to stem the proliferation of weapons of mass destruction are a prime example. Where there are transgressions, the United States should direct any sanction against activity in this realm, for example, by cutting off technological cooperation or trade in this



area. Alternatively, political responses (event boycotts, visa denials, etc.) might be the best way to signal opposition to selected behavior when no appropriate economic or military sanction is available.<sup>7</sup> The Soviet Union was clearly stung by the U.S. decision not to go to the Moscow Olympics in the wake of the Soviet invasion of Afghanistan—just as the U.S. decision to oppose China's hosting the Olympic Games (to protest human rights performance) angered Beijing. China is clearly bothered, too, by being singled out in various international bodies over how it treats its own citizens. Political sanctions should not, however, extend to the breaking of diplomatic relations or the cancellation of high-level meetings. Such interactions help the United States as much as the targeted party and should not be taken away as if they benefited only the target.

5. *Sanctions should not be used to hold major or complex bilateral relationships hostage to a single issue or set of concerns.* This is especially the case with a country such as China, where the United States has to balance interests that include maintaining stability on the Korean Peninsula, discouraging any support for the weapons of mass destruction or ballistic missile programs of rogue states, managing the Taiwan-China situation, and promoting trade, market reform, and human rights. A nearly identical argument could be made about the wisdom (or lack thereof) of applying broad sanctions against Russia because of its transgressions in one or another realm. Similarly, the United States has a range of interests with Pakistan that go well beyond nuclear matters, including promoting democracy, economic development, and regional stability. The alternative to broad sanctions in such instances is to adopt sanctions that are narrow and germane to the issue at hand. In the case of Pakistan, this would have argued for focusing sanctions on specific defense articles and technologies but exempting all economic assistance and military education and training.

6. *Humanitarian exceptions should be included as part of any comprehensive sanctions.* In part this is a moral judgment, that innocents should not be made to suffer any more than is absolutely necessary. In part, including an exception that allows a target to import food and medicine should make generating and sustaining domestic and international support easier. A caveat requires mentioning in this regard, though. Sanctions should not necessarily be suspended if the humanitarian harm is the direct result of cynical government policy that creates shortages among the general population in order to create international sympathy.

7. *Any use of sanctions should be as swift and as purposeful as possible.* As is the case with other forms of intervention, including the military,

gradual escalation allows the target to adapt and adjust. Such an approach also tends to forfeit shock value. In the case of sanctions, it also allows asset shifting, hoarding, and the negotiation of arrangements to circumvent sanctions. This guidance is borne out by the Libya and Iran cases. Still, this recommendation is easier to suggest than to follow, as gaining international support for sanctions in many cases will require that the United States move in a slow and gradual manner. One result of this reality is to further limit the potential effectiveness of economic sanctions in today's world.

8. *Policymakers should prepare and send to Congress a policy statement not unlike the reports prepared and forwarded under the War Powers Act before or soon after a sanction is put in place.* Such statements should be clear as to the purpose of the sanction; the required legal and/or political authority; the expected impact on the target, including possible retaliatory steps; the probable humanitarian consequences and what is being done to minimize them; the expected costs to the United States; prospects for enforcing the sanction; the degree of international support or opposition that can be anticipated; and an exit strategy, that is, the criteria for lifting the sanction. In addition, policymakers should be able to explain why a particular sanction was selected as opposed to other sanctions or other policies altogether. If need be, portions of this report could be classified secret if necessary to avoid providing information that would be useful to the target. Any sanction initiated by Congress should be approved only after hearings in the relevant committees carefully considered the matter, thereby allowing voting members to refer to a report accompanying the proposed legislation that addresses these same questions.

9. *All sanctions embedded in legislation should provide for presidential discretion in the form of a waiver authority.* Such discretion would allow the president to suspend or terminate a sanction if he judged it was in the interests of national security to do so. Beyond being consistent with the Constitution's bias in favor of executive primacy in the exercise of the foreign affairs power, such latitude is needed if relationships are not to become hostage to one interest and if the executive is to have the flexibility needed to explore whether the introduction of limited incentives can bring about a desired policy end. The benefits of this latitude outweigh any diminution of the deterrent power inherent in automatic sanctions. Current legislation that mandates sanctions in specific circumstances should be repealed or modified.

10. *The federal government should challenge the right of states and municipalities to institute economic sanctions against companies and individuals operating in their jurisdiction.* The Constitution may not settle the strug-

gle between the executive and legislative branches over the foreign affairs power, but it limits the struggle to the federal branch of government. As a result, those states and municipalities that are adopting "selective purchasing laws" that prohibit public agencies from purchasing goods and services from companies "doing business" in or with particular target countries are overstepping their bounds.<sup>9</sup> To paraphrase Justice Louis Brandeis, states may be laboratories of democracy, but not of foreign policy.<sup>10</sup> In addition to foreign policy consequences, such local action creates difficult and expensive choices for U.S. businesses. If the courts will not decide this issue, then U.S. businesses would be wise to approach Congress for a remedy.

11. *U.S. intelligence capabilities must be reoriented to meet the demands created by sanctions policy.* The ability to design and implement so-called smart sanctions will require extraordinary collection requirements. Knowledge of where individuals and firms maintain financial assets will be critical. Improved collection of both signals (communications) and human intelligence is essential. But the demand for more and better intelligence support of sanctions policy involves analysis as well as collection. A sanctions analysis unit should be established within the intelligence community. Such a dedicated unit, to be located within the Central Intelligence Agency's Directorate of Intelligence, could prepare predictions of the likely impact of sanctions on the target state and others. Analysts could help identify particular vulnerabilities of target states or leaders. Predictions also could be extended to examine likely reactions or retaliation by the target as well as likely responses of third parties. It also could monitor the impact of a sanction over time. The results of such monitoring could be drawn on for the compilation of an annual sanctions impact statement (as suggested here just below).

12. *Any sanction should be the subject of an annual impact statement.* Such a statement, to be prepared by the executive branch and submitted in unclassified form to Congress, should provide far more in the way of information and analysis than the pro forma documents written to justify many current sanctions. It should include an assessment of the extent to which the sanction had served its purposes; the economic, political, and/or military impact on the target; the humanitarian effect on the population of the target country; the reactions of the target country; the degree of international compliance and noncompliance; the financial costs to U.S. businesses, workers, and the government; and any other perceived costs and benefits of any sort (including foreign policy costs) to the United States. Such a report also should judge whether the original aims continue to make sense and whether sanctions continue to be an appropriate policy tool. An annual report along these lines, much

as the report that would accompany any new sanctions, would introduce much-needed rigor into the sanctions decision-making process. A more careful calculation of economic costs also would furnish a basis for determining payments to workers and companies that are being asked to bear a disproportionate share of the sanctions burden.<sup>11</sup>

The fact that it is even necessary to suggest the need to mandate reports to accompany economic sanctions when they are being proposed or renewed represents an indictment of the way sanctions now are being introduced and maintained. Seriousness is not a hallmark of the American embrace of economic sanctions. To the contrary, sanctions often are employed and maintained with only cursory analysis of their likely or actual effects. This is bad policy, for all sanctions involve costs for the U.S. government, its citizens, or both. Again, it is essential that the likely benefits of a sanction outweigh the inevitable and potential costs, including that of retaliation, and appear more attractive than any other available policy instrument. If such rigorous assessment is undertaken, sanctions are likely to become less common. This will not be a bad thing; with sanctions as with many other things in life, less can be more.

## Notes

1. Several of the lessons and recommendations put forward here, including calls for modesty in objectives and seriousness in analysis, are included in Gary Clyde Hufbauer, Jeffrey J. Schott, and Kimberly Ann Elliott, *Economic Sanctions Reconsidered: History and Current Policy*, 2nd ed. (Washington, DC: Institute for International Economics, 1990), pp. 94-105. Several of the recommendations are also included in draft legislation, the "Enhancement of Trade, Security, and Human Rights Through Sanctions Reform Act," introduced in both the House of Representatives and the Senate in late 1997.
2. The Clinton administration argues that the Iran-Libya Sanctions Act has discouraged European and Asian investment in Iran's oil and gas sector. See the testimony of Alan Larson and David Welch before the House International Relations Committee on July 23, 1997.
3. See Thomas G. Weiss, David Cortright, George A. Lopez, and Larry Min-ear (eds), *Political Gain and Civilian Pain: Humanitarian Impacts of Economic Sanctions* (Lanham, MD: Rowman and Littlefield, 1997).
4. See an unpublished paper by Gary Clyde Hufbauer, Kimberly Ann Elliott, Tess Cyrus, and Elizabeth Winston, "U.S. Economic Sanctions: Their Impact on Trade, Jobs, and Wages" (Washington, DC: Institute for International Economics, 1997).



5. See, for example, Seymour Martin Lipset, "Some Social Requisites of Democracy: Economic Development and Democracy," *American Political Science Review* 53 (March 1959); Stephan Haggard and Steven B. Webb (eds.), *Voting for Reform: Democracy, Political Liberalization and Economic Adjustment* (Oxford: Oxford University Press, 1994); and Larry Diamond and Marc C. Plattner (eds.), *Economic Reform and Democracy* (Baltimore, MD: Johns Hopkins University Press, 1995).
6. It is for this reason that those most concerned with the moral dimension of foreign policy are willing to support the use of broad economic sanctions only in narrow circumstances. America's Catholic bishops, for example, argue that comprehensive sanctions should be considered "... only in response to aggression or grave and ongoing injustice, after less coercive measures have been tried, and with clear and reasonable conditions set forth for their removal." The bishops also argue that sanctions should be targeted as much as possible to avoid harming innocents; that "the denial of basic human needs may not be used as a weapon"; and that consent to the sanctions by substantial portions of the affected population is morally relevant. See National Conference of Catholic Bishops, "The Harvest of Justice Is Sown in Peace: A Reflection of the National Conference of Bishops on the Tenth Anniversary of *The Challenge of Peace*" (Washington, DC: United States Catholic Conference, 1994), p. 15.
7. One recent article discussing the growing role of economic sanctions in American foreign policy was titled "Chicken Soup Diplomacy." See *National Journal*, January 4, 1997, pp. 13-17.
8. See Gary Clyde Hufbauer and Elizabeth Winston, "Smarter Sanctions: Updating the Economic Weapon," *National Strategy Reporter* 7, no. 2 (Summer 1997).
9. See David Schmahmann and James Finch, "The Unconstitutionality of State and Local Enactments in the United States Restricting Business Ties with Burma (Myanmar)," *Vanderbilt Journal of Transnational Law* 30, no. 2 (March 1997), pp. 175-207.
10. It is worth quoting from Brandeis's dissent. "It is one of the happy incidents of the federal system that a single courageous state may, if its citizens choose, serve as a laboratory; and try novel social and economic experiments without risk to the rest of the country." As is clear, Brandeis omits foreign policy from his position. *New States Ice Co. v. Liebmann*, 285 U.S. 262, 311 (1932).
11. See report of President's Export Council prepared with the assistance of Don Zarin and Meha Shah, *Unilateral Economic Sanctions: A Review of Existing Sanctions and Their Impacts on U.S. Economic Interests with Recommendations for Policy and Process Improvement* (Washington, DC: President's Export Council, June 1997), p. 19.

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